FISCAL MEMORANDUM

HB 1036 - SB 1086

March 3, 2023

SUMMARY OF BILL AS AMENDED (004238): Clarifies that a defined benefit pension plan established and maintained by a local government employer that is supplemental to the employer's participation in the Tennessee Consolidated Retirement System (TCRS) where the total combined employer and employee contributions do not exceed seven percent of the employee's salary is not included under the definition of a public employee retirement system. Requires local governments to conduct periodic audits at the request of TCRS using an auditing or accounting firm to demonstrate compliance with regulations regarding limitations on retirement allowance.

FISCAL IMPACT OF BILL AS AMENDED:

Other Fiscal Impact – Any additional required audits may lead to an increase in local government expenditures; however, the precise timing and amount of any increase in local expenditures is dependent on multiple unknown factors and cannot be reasonably determined.

Assumptions for the bill as amended:

- Clarifying that individuals in a defined benefit pension plan maintained by a local government employer may partake in another retirement program financed from public funds will not change TCRS distributions.
- The proposed legislation may affect TCRS administration of the retirement programs, but all responsibilities associated with the implementation of the proposed legislation will be absorbed utilizing existing resources. Any fiscal impact will be not significant.
- Requiring local governments to conduct an audit at the request of TCRS using an auditing or accounting firm may lead to an increase in local government expenditures; however, the precise timing and amount of any increase in local expenditures is dependent on multiple unknown factors and cannot be reasonably determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista Lee Carsner, Executive Director

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